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23 CHAIRPERSON JAMES: I'd like to thank all

24 of our panelists and at this time open it up to

1 questions from the Commissioners and also encourage the
2 panelists to engage in dialogue among yourselves as
3 well.

4 Commissioner McCarthy?

5 COMMISSIONER MCCARTHY: Mr. Jones, I wasn't
6 quite clear on whether you were suggesting Ken Bode was
7 saying that government officials were naïve only about
8 private sector gambling casinos and knew about
9 government sponsored gambling, lotteries; which is it,
10 are they naïve about--

11 MR. JONES: I think both.

12 COMMISSIONER MCCARTHY: --or are they naïve
13 about both?

14 MR. JONES: I think, again, if you look at
15 the history of the modern day lottery and the success
16 that it has generated, the kind of profits it has
17 generated, I think this naïvete or ignorance of the
18 implications of the lottery are what go to a lot of the
19 budget questions you're considering today, that someone
20 can just arbitrarily say, I want another 15 percent out
21 of the lottery, what does that mean?

22 I think what you see a lot of is states
23 being forced into modifying the charge of the lottery,
24 I mean the charge of a lottery is different from other

1 forms of gambling. But if you are mandated to increase
2 revenue under the umbrella of a lottery, then perhaps
3 you start introducing games that are not lottery type
4 games, that are more like Keno or video lottery or
5 whatever. These are, not to make a moral or an
6 economic question about them, these are things that
7 have significant implications.

8 COMMISSIONER MCCARTHY: So you are saying
9 that the restraints on how much revenue lotteries
10 should produce to fulfill part of the needs of a
11 particular state government ought to be stated very
12 clearly so the lottery director or the lottery
13 commission, if one exists ought not to be under such
14 pressure annually to maximize revenues?

15 MR. JONES: Well again, I think that the
16 point that I heard you also make earlier, questions you
17 were asking earlier, it should be very clear what a
18 lottery is designed to do, and what lottery products
19 are and thus, within that a lottery director can
20 fulfill a mandate. If it is merely to maximize revenue
21 and because of the way the law is written, almost any
22 form of gambling is legal under the law, that is not a
23 very clear mandate to a lottery director.

1 COMMISSIONER MCCARTHY: Of the 37 states
2 that have legalized lotteries are you aware of a single
3 state that has, as part of its public policy on
4 lotteries, a restraint on the amount of revenues that
5 lotteries will produce or is it rather the other case,
6 that unspoken or explicit, there is enormous cumulative
7 pressure to produce more and more lottery revenue each
8 year?

9 MR. JONES: I can only speak to my
10 experience in Illinois, although I have sat in on many
11 many meetings with lottery directors and budget
12 analysts, but for the most part I've never heard that
13 type of discussion, I've never really heard a budget
14 director come to a lottery director and say, you have
15 to produce an extra 15 percent this year to fund this,
16 tell me how you're going to do it? Tell me what new
17 form of gaming you need to accomplish it?

18 And I think another point that has not come
19 out, I don't think, in any of the other testimony is
20 that I see the problems that people are bringing up
21 about lotteries stemming from really, non-lottery
22 products. I mean, not traditional lottery products.
23 If you have 35 instant games and you have high
24 percentages of pay out and you have a churn effect,

1 totally against some of the testimony you've heard
2 today, that is not a scenario that attracts higher
3 income, better educated people. And what you have in
4 the United states is the dichotomy of 80 percent of the
5 population of the state approving the lottery, thinking
6 the lottery is good for the state, and only 25 to 30
7 percent of the population playing the games that are
8 being offered now.

9 COMMISSIONER MCCARTHY: I want to stick to
10 the core of my line of questioning, and I'll conclude,
11 Madame Chair.

12 Do you concede that it is an overriding
13 psychology that lottery directors must produce more
14 revenue, if they lose revenue, if they place restraints
15 on the manner of advertising, the sites for vendors
16 selling lottery tickets, if they do those things to
17 restrain revenue, if they lose lottery revenue, will
18 they be around very long?

19 MR. JONES: Well, I was, I made a note, I
20 forget which speaker said it and I can be corrected by
21 my compatriots behind me, but I can't think of a single
22 lottery director who has ever lost their job because of
23 lack of performance. I know lots of lottery directors
24 who've lost their jobs because of politics.

1 COMMISSIONER MCCARTHY: One final question.
2 We've heard testimony over and over again that when
3 lottery revenues go flat the mandate to figure out new
4 mandates of selling, Keno, whatever it might be, new
5 methods of selling to jack up lottery revenues again,
6 the mandate to employ such tools is very clear. We've
7 heard it over and over again. We haven't heard about a
8 single state in the union that allows lottery revenues
9 to decline, particularly if they are earmarked for any
10 particular fund.

11 But even in a general sense, if they go
12 into the general revenue of a state. There is, in some
13 form, clear enormous pressure on lottery structures to
14 increase revenue and certainly not to allow them to
15 decline. Now, is that an erroneous impression on my
16 part?

17 MR. JONES: I don't know if it's an
18 erroneous impression on your part as much as it is --.
19 Part of the discussion I've heard today, and I wasn't
20 here yesterday, always is sort of how do you approach
21 the issue and what language do you use to describe it.

22 And what I mean by that is the lottery
23 industry as a whole is awakening to the fact that
24 increases in sales and increases in profits have to

1 come from having more people play than having fewer
2 people play. When you have fewer people play, all of
3 the impetus that you just described of, well, we've got
4 to get these people to play more, how do we do it, more
5 drawings, more games, whatever it might be, that
6 happens. And I think we've been through a period of
7 time in lottery business where that did happen.

8 But hopefully in discussions I have with
9 many lottery directors, they are awakening to the fact
10 that at one point, and this goes back to ten years ago,
11 let's say, when lotteries went from being \$80, \$90
12 million a year businesses to a billion dollar a year
13 businesses, what fueled that growth, Lotto. And what
14 was Lotto all about, huge prizes for the first time.
15 And why did sales go up so dramatically? Millions of
16 people who had never played the lottery came in and
17 played it repeatedly, to win those big prizes.

18 So again, I'm not trying to avoid your
19 question, I'm trying to understand it. I think there
20 is pressure on lottery directors to do their jobs
21 correctly. I don't think I've ever talked to a lottery
22 director, in my experience, where the overriding
23 pressure was what a budget person told them, because
24 you have this great beast out there called the media,

1 waiting to jump on you if you were engaging in tactics
2 that are unethical or don't--

3 COMMISSIONER MCCARTHY: I don't want to
4 confuse this, I'm not talking about the media.

5 MR. JONES: Sure.

6 COMMISSIONER MCCARTHY: I'm talking about
7 whatever means they needed to jack up annual revenues.
8 they understood, spoken or unspoken, that they needed
9 to produce, that they needed to increase revenues
10 because the demands of the legislature and the
11 respective governors were such, they needed more
12 revenues in an environment where the anti-tax
13 psychology was so overriding, that lottery revenues
14 became, correspondingly, that much more important.

15 MR. JONES: Right.

16 COMMISSIONER MCCARTHY: Now, are you, with
17 your knowledge of the industry and as a former lottery
18 director, telling us that you understand in a lot of
19 states there is no such pressure on lottery operations
20 to produce more revenue?

21 MR. JONES: I don't think it's as black and
22 white as that, but I will say that in the lottery
23 states that my company has been involved in, I have

1 never had that discussion with a lottery director. And
2 we've been involved with a number of states.

3 CHAIRPERSON JAMES: Would any of the other
4 two panelists like to address that?

5 MR. GOODMAN: I think what you've heard, if
6 I hear it correctly, is that the idea is you would
7 increase revenues. You can either increase it by
8 getting the existing player base to play more or you
9 get new people to play, you do it one way or the other.
10 But the overriding idea is you increase revenues. It's
11 kind of strange, it sounds like we're sitting here with
12 a group of lottery officials figuring out what is the
13 best way to do it. I think the basic point is you've
14 got to increase the revenues, whichever way you do it.

15 I've interviewed a number of lottery
16 directors and I think it's clear, I don't think there
17 is a legislative mandate that says if you don't produce
18 the revenues you'll get fired. But I'd be willing to
19 bet an awful lot of money that if a lottery director--

20 CHAIRPERSON JAMES: Mr. Goodman!

21 (Laughter)

22 MR. GOODMAN: The odds are really good, I'm
23 telling you.

1 MR. JONES: I was going to ask what odds he
2 is giving.

3 (Laughter)

4 MR. GOODMAN: The odds are very good on
5 this one that if a lottery director consistently
6 produced declining revenues, that lottery director
7 would not hold his or her job for a very long time.

8 MR. JONES: Again, let me just say,
9 philosophically, as to what a lottery is supposed to
10 do. Yes, it's supposed to maximize revenues but there
11 is an end point to revenues, there is a per capita end
12 point, there is a percentage of people who can play end
13 point.

14 And I think the most difficult question
15 that a lottery director ever faces, and it goes back,
16 Commissioner McCarthy, to what you were asking about,
17 it's a far, far different thing to say my strategies,
18 my games, my advertising, my philosophy, is to present
19 the question of lottery before as many people as
20 possible and get as many people as possible to play, as
21 opposed to, how do we get the people that are already
22 playing to play more.

23 And much of what I've heard discussed today
24 is this issue and the social implications of

1 government, and I'm not trying to put words in the
2 author's mouth, of government trying to get the same
3 people to play more.

4 And another point that is never brought
5 out, that you see in some European lotteries, is that
6 percentage of people playing does not just have to come
7 from better odds, better games, better advertising, but
8 more belief in where the money goes. I mean, you might
9 take Georgia as an example, I would imagine, although I
10 would never accuse anybody of altruism, that there are
11 people who play the Georgia Lottery because they really
12 believe in what the HOPE scholarships are doing.

13 CHAIRPERSON JAMES: I think some of the
14 frustration that you may sense is that we have heard
15 testimony here, and some discussion among
16 Commissioners, about the, which gets to the heart of
17 what this particular panel is about, "Can Government
18 Regulate Itself?", when you have a governor who is
19 looking at a shortfall in his budget; when you have a
20 lottery director whose responsibility it is to make
21 sure the the lottery performs as best it can; when you
22 have a legislature that is trying to figure out how
23 it's going to come up with revenue for the programs
24 they want to implement within their states?

1 And it is sort of -- we've been hearing
2 this in different forms and coming at us in different
3 ways, so it sort of doesn't pass the straight face test
4 at this point, for at least this Commissioner, to say
5 that gee, there is no real problem with that out there
6 and I've never heard that expressed.

7 MR. GOODMAN: I'm not saying that at all.
8 I mean, the description of the pressures on lottery
9 directors coming from that direction, is something that
10 I'm not particularly familiar with. But I am very
11 familiar with the end product.

12 CHAIRPERSON JAMES: Well, the pressure may
13 not necessarily be just lottery directors, the pressure
14 may be on governors, the pressure may be on state
15 legislators, the pressure may be on budget directors.
16 But at the heart of what we're discussing this
17 afternoon is the pressure on lotteries to perform for
18 the, either for earmarked funds or for general sources
19 of revenue for state government. And given that, how
20 is it that government can regulate itself, which gets
21 at the heart of the question that we're discussing.

22 Dr. Dobson?

23 COMMISSIONER DOBSON: Along that same line,
24 Mr. Jones, I think I hear a contradiction. Did you not

1 write an article, I think it was recently, in which you
2 talked about the dependence of lotteries on the core
3 players--

4 MR. JONES: Yes, I did.

5 COMMISSIONER DOBSON: --or the heavy
6 bettors?

7 MR. JONES: Yes, I did.

8 COMMISSIONER DOBSON: Or they are dependent
9 on them, is there not pressure on them to make more of
10 them?

11 MR. JONES: The essence of the article was
12 that this was one of those few times when good public
13 policy and good business policy coincided. The
14 reliance on core players for sales and for sales
15 growth, I thought was a very narrow point of view and
16 it had very narrow promise. That if you only did that,
17 if you were not trying to have games that appealed to
18 the broadest spectrum of your citizens, if you weren't
19 using advertising that was appealing to the broadest
20 spectrum of citizens, you were not running your lottery
21 correctly.

22 I mean the essence of the article was to
23 encourage my fellow lottery people to look to
24 broadening the base, not to the core audience.

1 COMMISSIONER DOBSON: I believe, Mr.
2 Goodman, your statistics, and it went by very fast and
3 I wasn't sure I heard it, that 85 percent of the
4 revenue comes from 15 percent of the people, did I get
5 that right?

6 MR. GOODMAN: Well, I think I was quoting
7 something like, if I recall, it's not all that far from
8 what you've just heard. I think you were saying 30
9 percent and I think I was quoting 20 or 25 percent, so
10 we're sort of in the same range, playing roughly in the
11 range of 70-80 percent.

12 COMMISSIONER DOBSON: So a small number of
13 people make it successful?

14 MR. GOODMAN: A small number of people are
15 making up most of the revenues. I think we're hearing
16 a very strange argument here and I just have to say one
17 thing. If we could just for a minute shift this and
18 take out the word gambling and put in the word tobacco,
19 just for a second, and I were to say to you, as I think
20 is being recommended here, instead of relying on this
21 small group of people that are smoking a lot, we've got
22 to now have lots of people smoking. Now, that's the
23 argument that s being--

1 MR. JONES: That's not the argument I'm
2 putting forward.

3 MR. GOODMAN: I think that's the argument
4 that you are putting forth. You are saying that your
5 recommending to other lottery, I haven't read your
6 article but what you said today is, you're saying it
7 would be better as a point of public policy, for more
8 people to be playing the lottery, rather than relying
9 on that limited core, whether it's 20 or 30 percent.
10 So you would like to see more people gambling on the
11 lottery, I think that is pure and simple what we are
12 hearing.

13 MR. JONES: Well again, I haven't noticed,
14 I don't know and I was being facetious that people
15 playing the lottery suffered potential health problems
16 and death associated with tobacco smoking. Lottery is
17 a rather benign form of gambling, although it is a form
18 of gambling, and indeed I think the whole question of
19 lotteries is a political one.

20 I really do believe that if people want to
21 support a project, whether it is Harvard College,
22 whether it is HOPE scholarships, and the fundamental
23 decision of government is that they don't want to tax
24 to support that project. Then if you're going to have

1 a lottery, that lottery should be supported by the
2 broadest spectrum of its citizens, absolutely.

3 MR. GOODMAN: I'm just having a problem
4 hearing a former lottery director and someone who is an
5 advisor to other lottery directors, saying that there
6 is no problem, there are no addicts, I know it's not
7 the same as gambling, but I think a lot of people in
8 this room, including a lot of people from the gambling
9 industry, will agree that there is a problem of
10 addictive and problem gambling. I think we disagree on
11 the extent of that problem. But I don't think that
12 there are many people in this room don't think that
13 gambling can lead to problem gambling--

14 MR. JONES: I agree with that.

15 MR. GOODMAN: --some group of people.

16 MR. JONES: I agree with that.

17 MR. GOODMAN: It's not the same as smoking,
18 you don't get lung cancer, you get other kinds of
19 problems. You may commit suicide or do other things,
20 but it's a serious problem.

21 CHAIRPERSON JAMES: Okay, let me tell you
22 what we're going to do, we're going to go to Dr. Moore
23 and then down to Mr. Bible and then to Mr. Leone.

1 COMMISSIONER MOORE: What I'm going to say
2 isn't going to make sense but everyone is going to do
3 something. And the 20-80 figure, you know 20 percent
4 of gallstones are not calcified, 80 percent are - 80
5 percent of kidney stones are calcified, 20 percent are
6 not. We've got here that 80 percent of the people
7 support the lottery, 20 percent finance them, we could
8 go down to the church or we could go down to Dr.
9 Dobson's organization and my church, which is
10 Presbyterian, 20 percent of the people pay 80 percent
11 of the budget. And I'm just listening to some program
12 where we can get those other eighty percent to
13 contribute a little more to the kitty. And that would
14 make it easier on us.

15 (Laughter)

16 COMMISSIONER MOORE: So I'm listening to
17 how we're going to do this.

18 COMMISSIONER DOBSON: More gall stones.

19 (Laughter)

20 REPRESENTATIVE BOSLEY: May I just respond?

21 CHAIRPERSON JAMES: Yes, you may.

22 REPRESENTATIVE BOSLEY: I've been kind of
23 quiet here and as a legislator that's very difficult.

24 (Laughter)

1 REPRESENTATIVE BOSLEY: This is the longest
2 I've been quiet in five years.

3 Let me just very briefly, Commissioner, it's
4 inherent, every lottery director knows they have to
5 increase revenues, that's why we've gone from 1975 with
6 one little green ticket bringing in a few million
7 dollars, to \$3.2 billion last year. That's what people
8 in Massachusetts spent on the Lottery, \$3.2 billion,
9 \$60 million a week, \$8.5 million a day.

10 Now, you don't just do that because you
11 decided at the point of purchase that you're going to
12 drive in your car --. It's in every neighborhood
13 because we've expanded it there and why have we
14 expanded it there, because we love the revenue. We
15 feel real good about the Lottery.

16 And it's sort of like -- listening to this
17 discussion has been sort of like taxes, we want you to
18 tax somebody else, but don't tax us. Every other form
19 of gambling is gambling, but we're the Lottery. Well,
20 the Lottery is gambling too. It's on a different level
21 and granted most people don't get hooked on the action
22 and go in there for the one dollar scratch tickets, but
23 there still are a lot of people who do that.

1 And we have expanded every year because in
2 1980 we limited property taxes in Massachusetts, in
3 1984 we lost federal revenue sharing. So we are trying
4 to now balance that budget with state revenues. And
5 anybody who doesn't realize that over the last decade
6 there has been a predisposition not to raise taxes and
7 indeed, rushing to the front to cut taxes has not
8 picked up a newspaper.

9 We will not, it's getting more and more
10 difficult to raise taxes so what do people do, they
11 look to the one revenue source that seems to be
12 harmless and we continue to raise that. And in
13 discussions that I've had with my lottery director, and
14 by the way, I don't want to lay this on the lottery
15 directors, their job is to run the lottery and you run
16 the lottery by maximizing your revenues and by making
17 the lottery run correctly.

18 The other side of that is as you run this,
19 you also run this so you put comprehensive gambling
20 programs in place for addictions, you do other things,
21 but you also maximize your revenues. It's not their
22 decision not to do that, it's the legislature's
23 decision, it's the government's decision, it's our

1 decision as to what the public policy is. That's not -
2 - so I can't lay this on the lottery directors.

3 But time and time again, I've had
4 conversations with my lottery director where he has
5 said if I don't get more advertising, I can't go out
6 and raise more money or if we don't put this game in,
7 we can't raise more money. Because the other games are
8 failing, we need to replace those games with new games,
9 we need to go out and get new people.

10 And every time you get new people, you go
11 out to that other 80 percent, every time you capture
12 more people with different games but you also capture
13 more problems with those games too, you create more
14 problem gamblers because you're going to go out and
15 you're going to catch them in that net. And I think we
16 have to be very careful as to how we do that and we
17 haven't come up with any solutions as to how to
18 regulate ourselves on that.

19 CHAIRPERSON JAMES: Bill.

20 COMMISSIONER BIBLE: And that really
21 follows into my question, you obviously have worked
22 through the political process, you've identified a
23 number of issues with your lottery here. Apparently
24 you've advanced legislation that sounds to me like it

1 went to the Ways and Means Committee, I think I know
2 what that means, at least I do in Nevada when a bill
3 such as yours ends up in the Ways and Means Committee I
4 assume that it may not emerge or there is some sort of
5 problem.

6 We are a federal Commission, we are
7 empowered by the federal government, so we're obviously
8 here to help you.

9 (Laughter)

10 COMMISSIONER BIBLE: Do you think there
11 should be federal involvement to address some of the
12 problems you've brought up, to date, do you think there
13 should be federal regulation in the lottery area?

14 REPRESENTATIVE BOSLEY: I think a lot of
15 what we do is very reactive on what other people do in
16 states around us, as I mentioned, we reacted, we put
17 the big game in and I talked to my lottery director and
18 he said, we're losing money in our weekly drawings
19 because of Power Ball, we need to recapture those
20 revenues or increase revenues, put the Big Game in. We
21 reacted to something another state did.

22 There are all sorts of rumors over the last
23 two or three months that Rockingham race track in New
24 Hampshire is going to put slot machines in because they

1 need to fund their education up there. So they have
2 either got to do slot machines or income tax, they have
3 no taxes in New Hampshire, so they have to do one or
4 the other. And everybody is betting that they're going
5 to put slot machines in. We react to that.

6 I think that there has to be some I guess I
7 get frustrated sometimes and the frustration that I
8 feel over the past two years in going out in going out
9 and visiting you and visiting out in Las Vegas and
10 going out around the country and visiting and talking
11 to other people about how we go forward in
12 Massachusetts, a lot of the reasons for that
13 deliberation has been because the federal government
14 has stepped in with the Indian Gaming Regulatory Act.

15 We wouldn't be discussing a lot of what we
16 are discussing if it hadn't been for the fact that one
17 of our tribes in Massachusetts came forward and said,
18 we want to put a casino in and so that brought a lot of
19 other things to the fore. That was a case where we
20 hoped that there wouldn't be any federal intervention.
21 But I think that we need to at least have some
22 guidelines as to what states can and what states can't
23 do. So that we are not always, we don't have this

1 ladder effect where one state does it and the next
2 state feels they are compelled to do something.

3 I guess we need some guidelines, I'm not
4 really sure how far you would go other than that.

5 COMMISSIONER BIBLE: Well, what kind of
6 guidelines, could you maybe give us some specificity?
7 If not today sometime in the future, provide the
8 Commission with your input as to what you think is an
9 appropriate federal role. What sort of guidelines you
10 would suggest as being appropriate.

11 REPRESENTATIVE BOSLEY: I will go back and
12 work on that.

13 CHAIRPERSON JAMES: Not only would it be
14 helpful to have some sort of guidelines but it would
15 also be helpful to have some suggestions in terms of
16 what it would look like if a state wanted to be a model
17 of regulation for state lotteries. Is there a state
18 that's doing it well, is there a model that you'd like
19 to suggest? Not just federal, but also some
20 recommendations for states, I think would be helpful.

21 Commissioner Leone?

22 COMMISSIONER LEONE: I've got to leave
23 soon, I apologize, but I want to get into some trouble
24 before I do.

1 I am not in favor of the Nanny state, as I
2 said before, but I am very much in favor of
3 aggressively educating the public in areas where they
4 seem to be mistaken. I seem to be more forgiving of
5 people in public life than others because I think they
6 are trying to steer a course over very difficult
7 waters.

8 If you advertise the notion of legalizing
9 the lottery by saying -- the only rational, if you are
10 not going to play the lottery then it is very rational
11 to vote in favor of there being a lottery because that
12 gives you a free ride. The kind of question that is
13 put to people, this will give you an opportunity to do
14 something you want to do and to help schools is now put
15 to them, this will now give you an opportunity to pay
16 for schools and let everybody who doesn't do it off the
17 hook.

18 We have a remarkable array of taxes that
19 are designed to capture incomes and expenditures from
20 people in order to spread the burden fairly. We are
21 afraid to talk about them, we've become afraid to talk
22 about the taxes that are fair and equitable. We've
23 become afraid to talk about them, I think, not because
24 we have bred a generation of timid politicians,

1 although we have exercised a kind of euthanasia on
2 those who are courageous in the last 20 years, in my
3 experience, but because we are afraid of the public.
4 And we are afraid of the public, afraid of telling the
5 public that they're being foolish.

6 We don't talk honestly and candidly. We
7 just had a conversation in which I as a former state
8 official heard somebody saying that there wasn't
9 pressure to raise more revenues. I feel like I dropped
10 into another planet. Of course there is pressure to
11 raise revenues, there is pressure to raise sales tax
12 revenues and income tax revenues and lottery revenues.

13 Why do you think people get involved in
14 legalizing these things, it's not because they're not
15 desperate for revenues, because they become unpopular
16 if they cut programs, they've got a public that doesn't
17 want to pay for programs and doesn't want programs cut.
18 So we sell them snake oil, we tell them this is a free
19 ride, this will let you do what you want to do.

20 Listening to these numbers today, Paul and
21 I were fooling around with them, this \$500 per person
22 is of course a mythological number because the persons
23 who actually gamble are a much smaller number than
24 that. Paul and I were fooling around and you're

1 talking \$1,500 to \$1,600 per person for the active
2 people. That is, before I impose the state tax of
3 \$1,600 on a family, and we ought to talk about families
4 because it's a family impact. I'd have to say that
5 would have to be a pretty well off family before they
6 can pay a state tax like that, that's a pretty big
7 bite.

8 And if we were going to go to the public
9 and say we want to impose a \$1,600 a year tax on
10 families where the breadwinner makes \$20,000 a year,
11 what do you think? And of course some people won't pay
12 that if they don't want to, but the ones that want to,
13 we'll impose a state tax of \$1,600 on them. That would
14 be absolute nonsense, that would get voted down. This
15 stuff carries because we talk nonsense about it and
16 we're talking nonsense at this hearing.

17 I want to say one last thing, Madame
18 Chairman, if we do nothing else on this Commission, we
19 ought to try and get some of the numbers straight, the
20 gambling numbers about a trillion dollars, \$500
21 billion, that's the same money over and over. It's
22 like the New York City Subway, a billion people ride
23 the New York City Subway, that explains why I never
24 recognize any of them.

1 (Laughter)

2 COMMISSIONER LEONE: I forget how many
3 million people visit Atlantic City. How many
4 individuals roughly are we talking about? How many
5 people go to these places? How much does an individual
6 spend? How much do they lose? What kind of income
7 groups do they come from?

8 One bit of public education we can do is
9 establish a set of numbers that then other people can
10 refer to as what the Gambling Commission said, on the
11 numbers. And on this lottery number, we ought to get
12 straight who is paying the freight because I think the
13 lotteries, for good or ill, have been sold as a free
14 ride and they are not a free ride, they're very
15 expensive for some people and they are expensive in a
16 way that is letting other people off the hook.

17 That's a speech, not a question, in case -
18 - I think the legislator recognized it.

19 (Laughter)

20 CHAIRPERSON JAMES: Mr. Goodman?

21 MR. GOODMAN: I'd just like to do a little
22 truth in advertising here. Maybe it addresses your
23 point, Commissioner Leone.

1 You know you always hear, and you heard it
2 here just before, the rationalization for the lottery,
3 people always turn to Thomas Jefferson, Thomas
4 Jefferson said it's a tax only on the willing. What
5 people don't say is why he said that. Thomas Jefferson
6 was a very desperate man when he said that, in your
7 state, Virginia. Thomas Jefferson had been in very
8 desperate, dire straights, he had been trying to sell
9 his estate, he was an old man at the time.

10 And in order to sell his estate he had to
11 get permission from the Virginia legislature to have a
12 lottery. So he went before the Virginia legislature
13 and he argued for having his lottery, a very specific
14 lottery, not a state lottery, a lottery to sell his
15 property. And he argued, there was that statement, you
16 know, people who will be participating in this lottery
17 to buy my property will be those people who are willing
18 to do it, it will be a tax only on the willing. So I
19 hate to hear it being used as a kind of rationale for
20 all the things that the lotteries have become, they are
21 certainly not that.

22 The other thing I'm hearing, and I think
23 Commissioner Moore raised this and I think it exhibits
24 the contradiction here and I think it's something to

1 think about. You were saying you'd like to see the
2 burden spread. And this is tax policy, there is no
3 question about it. Personally, people have different
4 opinions about that, I'd personally like to see taxes
5 spread, that people who get services pay for the
6 services and that it's done fairly.

7 But when you do it with lotteries, when you
8 do it with gambling, it's inherently going to be
9 unfair. And the only way you can try to make it fair
10 is to promote it and that's what you've been hearing.
11 Some of the examples I gave, and I could give you
12 dozens more of ways of trying to get people who don't
13 gamble to gamble, tell them it's a good deal, tell them
14 it's okay to dream, you might actually win. Tell them
15 anything you can to get them to gamble.

16 Now you suggest, Commissioner Bible
17 suggested, what can the federal government do? There
18 is one simple thing and this is certainly not the
19 answer, but the federal government could apply the same
20 truth in advertising standards that applies to private
21 companies, to state lotteries. To simply review the
22 kind of information that they're giving out to the
23 public to try to entice them to gamble. That's very
24 simple. There are a lot of other things that could be

1 done but that's one very simple thing that could be
2 done.

3 CHAIRPERSON JAMES: Commissioner Wilhelm?

4 MR. WILHELM: If the Chair will indulge me
5 for a couple of moments, in terms of--

6 CHAIRPERSON JAMES: The Chair will always
7 indulge you.

8 MR. WILHELM: You know what, you have and I
9 appreciate it.

10 I observe there are a couple of
11 Commissioners getting ready to leave, I have some
12 comments, like Commissioner Leone's comments, that
13 could be treated as a question if anybody wants to but
14 to be candid is more of a speech I guess, like his.
15 And they are not really about lotteries so much but
16 some discussion in passing of casinos and this
17 particular panel.

18 We've talked about casinos during these two
19 days and I want to begin my comments by saying that
20 with respect to Mr. Goodman's proposal that what we
21 should have is some sort of additional agency in the
22 states that would not only do something about
23 lotteries, but according to his proposal they'd do

1 something about any proposals for increased gambling.

2 I don't see a whole lot of logic in that.

3 My view, I forget who it was that said,
4 well democracy may not work very well but it works
5 better than anything else we've tried. I think that if
6 the people of Massachusetts, for example, agree with
7 the point of view of the representative that has been
8 so kind to share his time with us today, that they will
9 reelect him and elect more like him and I think that's
10 the way things ought to work. And I think Reverend
11 Gray, who I think may have also left, has been very
12 adept at the ballot box. I think the democratic
13 systems we've got work about as good as anything else
14 and they certainly work better than weird agencies that
15 just kind of float around in the ozone, witness us for
16 example.

17 (Laughter)

18 MR. WILHELM: But I want to remind us that
19 the law that brought us here says that we are supposed
20 to talk about the social and economic impact of this
21 subject, gambling, not only lotteries but gambling.

22 And I am really moved to make these
23 comments because the last time I saw Mr. Goodman he was
24 talking to the Connecticut, last time I saw him in

1 person, he was talking to the Connecticut Legislature
2 about whether or not there ought to be a casino in
3 Bridgeport, Connecticut. Now that is a subject I
4 happen to know a great deal about and in Mr. Goodman's
5 book he says, among other things, and I'm quoting here
6 from page 63: "The promoter's pitch has been gambling
7 as a path to economic revival for places with little
8 hope for anything else." Then he goes on to suggest
9 that that is bad, that pitch.

10 Well, you know, I lived in Connecticut for
11 24 years and when I lived there, New Haven is where I
12 lived, in the City of New Haven, was the seventh
13 poorest city in America. And Bridgeport, which was
14 right down the road, I don't know where it would rank
15 today but I doubt it has improved its position very
16 much. In those days, and I only moved from there ten
17 years ago, was the third poorest city in America. And
18 Bridgeport, I did a lot of work in Bridgeport,
19 organizing and doing other union activities there and I
20 got to know the city quite well.

21 Bridgeport today is a city that is a
22 majority of racial minorities. In the county in which
23 it sits, Fairfield County, ten percent or less of the
24 people outside of Bridgeport in Fairfield County are

1 racial minorities. Fairfield County, in 1995, was the
2 third wealthiest county in America. The per capita
3 income in Bridgeport, counting all forms of income, is
4 40 percent or even less than that, generously, 40
5 percent of the income in Fairfield County.
6 Unemployment officially measured in Bridgeport is twice
7 as high as in Fairfield County as a whole and everybody
8 knows that unemployment in cities that have a chronic
9 and long standing unemployment problem is severely
10 under-counted in those rates.

11 Now, the people of Bridgeport voted 80
12 percent plus, the old-fashioned way, at the ballot box,
13 that they wanted to have a casino. So, a lot of people
14 came from a lot of places to tell the people of
15 Connecticut and the people of Bridgeport that the
16 people of Bridgeport shouldn't have a casino. Mr.
17 Goodman came from Pioneer Valley in Western
18 Massachusetts, which is certainly an idyllic spot, and
19 I don't fault him for that, it's what he does.

20 And the state legislature, despite the fact
21 that the people of Bridgeport voted by better than 80
22 percent that they wanted this casino, the state
23 legislature, largely because of the representatives of
24 the wealthy people of Fairfield County, the third

1 richest county in America, the state legislators said
2 no, Bridgeport, you can't have it.

3 Well, in the 24 years that I was familiar
4 with Bridgeport, again, the third poorest city in
5 America, nobody invested much of anything in
6 Bridgeport. There were some exceptions to that,
7 People's Bank invested a little bit of money there,
8 here and there a little bit, but basically nobody
9 invested any money in Bridgeport all of those years.
10 And to this day, in spite of the near heroic struggles
11 of the elected leaders of that city and the Chamber of
12 Commerce of that city, in spite of that work, nobody is
13 investing money in Bridgeport.

14 I understand there is now another hope, as
15 there has been periodically for all the 35 years I've
16 been familiar with Bridgeport, now there is some other
17 big scheme. And I pray it's not a pipe dream but
18 realistically it probably is. But if it isn't, I'll
19 tell you what it is, if the latest one comes true, it's
20 a project that has low wage, no benefit, part time,
21 high turnover, no job security jobs.

22 So Bridgeport is a place that wanted to
23 have a casino. Bridgeport is a place that doesn't have
24 options. None of the people who opposed the casino in

1 Bridgeport, particularly the wealthy people right
2 around it, third richest county in America, came and
3 said, okay, we didn't let you do that, we're going to
4 do this.

5 General Electric Corporation, one of the
6 great American corporations, has its corporate
7 headquarters literally, if you've got a pretty good
8 arm, a stone's throw from Bridgeport, right out there
9 in Fairfield, own their own country club even, General
10 Electric does. General Electric is one of the
11 companies that abandoned Bridgeport. And I'm not
12 picking on General Electric, you could pick on a lot of
13 corporations, they just happen to have historically
14 been the biggest employer in the City of Bridgeport,
15 for jobs that ordinary working people could have.

16 So what is my point with this? I really
17 want to implore the members of this Commission, as we
18 think about social and economic impact, let's not be
19 driving half a car and be pretending we're driving the
20 whole car, let's not be watching the basketball game on
21 television and just keep score by keeping score of one
22 team, without any regard to what the other team is
23 doing. Let's look at the social and economic impact

1 not just of gambling but let's look at the social and
2 economic impact of people not having jobs.

3 Now, would I argue that everybody in
4 America should have a casino? Absolutely not, quite
5 the contrary, it would be in the self-interests of the
6 members of my union if we closed down all the casinos
7 outside of Nevada and Atlantic City and maybe a couple
8 of exceptions in the upper midwest and nobody ever had
9 another one because then we'd have all the work and it
10 would all be union and that would be fine from a narrow
11 self-interest point of view.

12 We went to Atlantic City as a Commission
13 and there has been this hoax perpetrated, until we went
14 there and looked. And the hoax was, well, the economic
15 promise in Atlantic City is all baloney, it's not real,
16 it's fake. Well, I think we all know what we saw
17 there, we heard about the very legitimate problem of
18 compulsive gambling, and that's a problem and we've got
19 to deal with that. I think the gaming industry has to
20 step up to the plate even more than it has and deal
21 with that.

22 But we also found out, I think it's fair to
23 say, objectively, that the notion that the economic
24 promise of gambling in Atlantic City was not a hoax at

1 all, we found out from workers and others that it was
2 real. Now, does that mean it should happen somewhere
3 else, no.

4 But I think first of all, and I would
5 implore the members of this Commission, one, let's
6 think about giving some respect to the democratically
7 expressed views of people in places like Bridgeport,
8 who reach the conclusion that of the available options
9 to them, that's the best one.

10 Secondly, I would say to those who oppose
11 those kinds of projects in places like that where
12 people want it, and no one can reasonably argue that
13 somehow the people of Bridgeport didn't have enough
14 information and they got hoodwinked. I was there, they
15 knew that if they had a shot at a decent job that was
16 it. So, if the people are going to oppose this I think
17 they have an obligation to say, okay, what's the
18 alternative for communities like that?

19 And thirdly, this Commission I respectfully
20 submit, must consider the social and economic impact of
21 decisions not to have gambling, even when the community
22 wants it and even when there aren't any alternatives.

23 I looked at a study that was done at Johns
24 Hopkins which, I don't know, Johns Hopkins was built by

1 a lottery but I think it's relatively respectable
2 anyway.

3 (Laughter)

4 MR. WILHELM: Now think about this for a
5 minute. This study says that for a five year period, a
6 one percent sustained rise in unemployment, just one
7 lousy percent, sustained over a five year period is
8 correlated with the following things: 4.1 percent more
9 suicides; 3.4 percent more state mental hospital
10 admissions; 4 percent more prison admissions; 5.7
11 percent more homicides; 1.9 percent more deaths from
12 cirrhosis of the liver, cardiovascular and kidney
13 disease; increased incidence of lots of other things,
14 like assault and fraud and traffic accidents.

15 Now, when you have a place like Bridgeport,
16 which has cascaded these problems down over
17 generations, those impacts that I just described that
18 Johns Hopkins says result from a measly one percent
19 rise over a five year period in unemployment, those
20 things are going to be far more severe than that. And
21 there are lots of other studies that show the same
22 thing and in a place like Bridgeport those phenomenon
23 are imbedded in families in the community because

1 Bridgeport has been on the rocks for nearly four
2 decades.

3 And I don't say this to demean Bridgeport
4 in any way shape or form, Bridgeport, I got to know it
5 well, there are a lot of wonderful people in
6 Bridgeport. But Bridgeport is a place where somebody
7 else, not the people of Bridgeport, somebody else
8 decided that gambling wasn't any good for the people of
9 Bridgeport.

10 There could have been ten thousand, not a
11 fake number, I know enough about casinos, and the one
12 that was planned there first by a private operator,
13 Mirage Resorts and later by the Mashantucket Pequot
14 Tribe, which eventually ended up being the proposed
15 licensee. So I know enough about the plan and enough
16 about casinos to know there really would have been ten
17 thousand good union jobs with full time benefits, full
18 time hours, decent wages, job security, that's real.
19 I'm not even talking about the multiplier effect, I
20 don't know what it would be, another ten, who knows.

21 Ten thousand good jobs in a place like
22 Bridgeport wouldn't have just helped, Bridgeport is a
23 small city, Bridgeport has just got a few over a

1 100,000 in it. Folks, that would have been a lifeline
2 for a city to which no one will throw a lifeline.

3 And my point simply is this, when we talk
4 about social and economic impact, let's not be driving
5 half a car and kid ourselves that we're driving a whole
6 car, let's not be watching one team and pretend we're
7 watching the whole game. We've got talk about the
8 social and economic impact of permitting people and of
9 prohibiting people from doing other things.

10 Now I don't think casinos are right for
11 everywhere but you know, I may think a variety of
12 things about the Foxwoods Casino last night, but
13 anybody who knows of the economic desolation of Eastern
14 Connecticut has to think twice before they say, well,
15 you all shouldn't have built that thing there. And if
16 that's true of Eastern Connecticut it is sure as heck
17 true of Bridgeport, Connecticut.

18 Before we wind up, I just wanted to make a
19 plea to all of us on this Commission, irrespective of
20 what our point of view might be about anything else, to
21 think about social and economic impact.

22 And let me wind up this way, I just picked
23 up this article flying out here from the west, a study
24 by Columbia University that says that there are 5.5

1 million children living in poverty in this country as
2 we speak and that 63 percent of those 5.5 million
3 children living in poverty are living in a household
4 with one or more parents working. I'm not talking
5 about the old stereotype of people laying around
6 collecting checks and doing nothing and all that
7 nonsense that used to be part of the national
8 stereotype.

9 We have a crisis in this country and as we
10 move towards a service economy, we've got to find a way
11 to have service jobs that people can live on. And by
12 the way, you know what the definition of poverty is for
13 that purpose, they define poverty as income for a
14 family of three of \$12,516. Well, you and I know that
15 is a pretty low definition so there is a lot more than
16 five and a half million people living in poverty in
17 households where one or more of the parents are
18 actually working.

19 We have got to do something about that and
20 it's not sufficient to say, well, there is a bad social
21 and economic impact from building a casino, we've got
22 to talk about the social and economic impact of people
23 having no jobs or of having low wage, high turnover

1 jobs with no benefits. And I appreciate your
2 indulgence.

3 CHAIRPERSON JAMES: I'm going to recognize
4 Commissioner Dobson and then I'm going to go to our
5 panel.

6 COMMISSIONER DOBSON: Well, I would like to
7 clarify one thing from what you just said, John, with
8 regard to Atlantic City. You're talking about the
9 Johns Hopkins study and the devastation of
10 unemployment, I think we all agree with that. My
11 recollection is that the unemployment rate in Atlantic
12 City is 15 percent, where this miracle of gambling has
13 come. That hardly seems as a good illustration of the
14 point that you're making. You go two blocks off the
15 Atlantic Boulevard and it's devastation, the ground is
16 not even in use, it's vacant land.

17 MR. WILHELM: I don't now if the chair
18 wants us to get into a prolonged debate, Jim?

19 But first of all, we heard extensive
20 testimony about the condition of Atlantic City prior to
21 the arrival of casino gambling, which was that it was
22 devastated and people worked three or four months of
23 the year if they were lucky.

1 And secondly, even the reverend from the
2 rescue mission said that casino gaming had saved
3 Atlantic City, so I think the case in Atlantic City is
4 quite clear. Now, does that mean it would be the same
5 case in some other city, no. But I think communities
6 ought to have the opportunity to choose.

7 COMMISSIONER DOBSON: Address the
8 unemployment rate?

9 MR. WILHELM: The unemployment rate in
10 Atlantic City is substantially lower than it was before
11 they had casino gaming, if you measure it by year round
12 jobs. The average wages in real dollars, as we had
13 ample testimony about, are dramatically higher. Any of
14 the few --.

15 See, there is this problem in America,
16 which is there is not enough work for people who don't
17 have advanced education. Why do you think Las Vegas is
18 the fastest growing city in America? One simple
19 reason, Las Vegas is the best place in America for a
20 family to make a living if they don't have a lot of
21 formal education.

22 We have this terrible bifurcation going on
23 in this country. If people have a lot of formal
24 education, a lot of technical education, for the most

1 part they have pretty good opportunities today. Las
2 Vegas, Nevada is the best city in America for working
3 families that don't have formal education. So people
4 flock to places like that. I don't think -- 5,000
5 people a month, net in-migration to Las Vegas every
6 month. And Atlantic City has the same phenomenon.

7 So, will you ever employ all those people
8 who are streaming in from all of the Bridgeports
9 looking for work? No, of course you won't. But you
10 can count the jobs and you can listen to the people
11 whose parents worked three and four months a year, you
12 heard them, and the rest of the year were on
13 unemployment and welfare, and now they work year round
14 and they support their kids and they can take their
15 kids to the hospital when they need to and they can buy
16 a home.

17 Is there going to be unemployment, you bet,
18 and that's because people come from the Bridgeports of
19 this nation to the Las Vegas of this nation, that's
20 what is going on.

21 CHAIRPERSON JAMES: At this point I'm going
22 to suggest, because we're going to be together for
23 another 18 months and we'll have an opportunity to
24 continue this, these gentlemen are going to leave. So,

1 I'd like to make sure we hear from Mr. Goodman and Mr.
2 Bosley. And I suspect we are going to hear this debate
3 continue.

4 Let's go to Mr. Bosley and then to Mr.
5 Goodman.

6 REPRESENTATIVE BOSLEY: Thank you, Madame
7 Chair. I don't know where to start? You just brought
8 in -- we could spend the next 18 months sitting in this
9 room talking about what you were just talking about.

10 CHAIRPERSON JAMES: Let's not and say we
11 did.

12 REPRESENTATIVE BOSLEY: I surely hope that
13 we are not suggesting that casino gambling is the
14 answer to all the problems we have for service jobs--

15 MR. WILHELM: We're not.

16 REPRESENTATIVE BOSLEY: --in Massachusetts
17 or in the nation.

18 When I was a kid growing up, I would argue
19 that the typical job in America, or a good job in
20 America was the steel industry. We would mine iron ore
21 with minors, they would put it on trucks, they would
22 put it on barges, they would bring it into Pennsylvania
23 where, if I remember my social studies correctly, using
24 the Bessemer process, we would turn it into steel. And

1 that steel would then go to places like GE and they
2 would make refrigerators and they would make cars in
3 Detroit.

4 And every place along the way there were
5 jobs where there was value added to that product.
6 Today we don't have that because we've changed our
7 economy into a service economy. It doesn't mean that
8 the jobs aren't out there, there are still jobs out
9 there, but they are in the service economy.

10 What does that tell us? Well, according to
11 the National Institute of Work and Learning it tells us
12 that the average person is going to have to be trained
13 or retrained for their job seven times in their career
14 because of changes in technology. Yet we don't have a
15 lot of discussion about where we're going in education,
16 we don't have a national education plan. What do we
17 have? We can put ten thousand jobs in Bridgeport,
18 Connecticut if we put a casino in.

19 In my travels around the country and I went
20 to places like, you know, you may become as successful
21 as Ledyard, you may become as successful as Joliet,
22 Illinois. Now in Joliet, the employment increased but
23 unemployment didn't decrease and that happens time and
24 time again. There are very few success stories that

1 are going to match what has happened at Foxwoods, very
2 few success stories like that.

3 You see, you can't say, this is what we
4 need to do, we need to put casinos in because it has
5 worked in Las Vegas. Las Vegas is the place where
6 everybody goes, it's well established, you are not
7 going to do that all over the place.

8 And if you want to get into the discussion
9 of how you create jobs in America that's different than
10 an impact on gaming, that's a different subject and you
11 have to discuss education, you have to discuss what
12 made us successful in the '50s and '60s. It wasn't,
13 let's put a casino in, open up the doors and we're
14 going to make money. It was, that you can make money
15 and you can get a good job if you work hard at it and
16 if you are trained for the jobs that are available.
17 That's not the discussion that you have today.

18 And I think it's very simplistic to say,
19 let's put casinos in because casinos will create jobs.
20 In some cases they do, in Joliet, Illinois they create
21 five dollar an hour jobs and they are not unionized,
22 and there is a high turnover. And that happens time
23 and time again when you pick out a community, rather
24 than have a comprehensive strategy for gaming, as they

1 do in Atlantic City, where it's not just one casino,
2 but it's become a destination point.

3 Bridgeport, Connecticut would not be a
4 destination point, I don't think, for casinos. And they
5 certainly now would be competing against the two
6 casinos already in Connecticut. I don't know if that's
7 the right answer.

8 Now, that being said, shame on the
9 politicians down there, and shame on us up here for not
10 taking care of the Fall Rivers and New Bedfords. We
11 have some serious problems. I come from an area in the
12 state where we lost one-third of our manufacturing base
13 in a four year period in the '80s, that's why I ran for
14 the legislature, because I wanted to put jobs back
15 there. We need to address that, we need to address it
16 in a comprehensive fashion.

17 Maybe part of it is gaming, I don't know, I
18 don't think it's right for Massachusetts. And one of
19 the reasons why -- and I'll end up with this. One of
20 the reasons I don't think it's right is in the case of
21 Bridgeport, Bridgeport may have voted to enact gaming
22 in Bridgeport.

23 In Salisbury, in Massachusetts they did the
24 same thing. The voters in Salisbury at a town meeting,

1 it was 411 to 279, they voted to put gaming in
2 Salisbury. We have to decide, or somebody has to
3 decide, whether it's a good policy outside of the
4 strictures of that one community.

5 And in that community, if you put gaming
6 in, there is a ripple effect in Massachusetts, and I
7 assume in other states, there is a ripple effect in
8 that if you put gaming in that community you then have
9 to consider Indian gaming. You then have, we have
10 venues here, and I don't take this from a moral
11 perspective, I don't think it's a moral decision, it's
12 a public policy decision. We have \$3.2 billion in the
13 Lottery, we have horse racing, we have dog racing, I
14 don't think we have a moral out in Massachusetts on
15 this issue.

16 But if you change the rules in the
17 community there is a ripple effect. There are two or
18 three Indian tribes in Massachusetts that are looking
19 for federal recognition. We have three racetracks that
20 would want slot machines because they are already
21 adversely impacted from other communities. So it's not
22 just, you can't make these decisions based on one
23 community, you have to make these decisions based on
24 what the best public policy is.

1 And that's what I would assume this
2 Commission is going to do, is try to decide what that
3 public policy is. And by the way, if I could ask a
4 favor of you, if you could put in a little plug for
5 education and for some of the other things we need as a
6 national policy, that would be nice too.

7 CHAIRPERSON JAMES: Mr. Goodman.

8 MR. GOODMAN: First I'd like to thank you
9 for your description of Pioneer Valley, it is a very
10 attractive place to live and I've enjoyed living there
11 for many years.

12 In terms of the argument in Bridgeport, in
13 terms of the effect on labor in Bridgeport, first I'd
14 like to say that I come from a union family, my mother
15 belonged to the garment workers, my father to the
16 machinists. I think a lot of the benefits I received
17 were as a result of people who belonged to unions. I
18 wrote a book, part of which critiqued the anti-union
19 practices by many states in this country and the
20 problems that have been created by that.

21 William Wimpsinger (ph) of the machinist
22 union, saw fit to comment very favorably on my work. I
23 don't think I have to make excuses or defend myself in
24 terms of being anti-labor in any way.

1 The point in Bridgeport, I think, is very
2 important to look at in detail and I think
3 Representative Bosley here talked about the regional
4 impact of a casino in Bridgeport. Now the people in
5 Bridgeport could have voted 100 percent for a casino.
6 The fact is, the impact of that casino would have been
7 much broader than on Bridgeport, it would have effected
8 an area of at least a 50 mile radius of Bridgeport, in
9 terms of people who would be effected economically by
10 that.

11 I debated that issue with the
12 representative from Mirage Casinos, Mark Rivers, head
13 of the economic development administration for that
14 region. And they were arguing that it was going to be
15 an engine for economic development in that area. And I
16 asked them in that debate, name one industry, just one,
17 that will locate in the Bridgeport area if you put a
18 casino here, other than the casino. They couldn't name
19 one. I can name many, I mean, printers will go there,
20 people who have vending machine companies, linen
21 companies, that sort of thing.

22 The reality is this has a regional impact
23 and it has a regional impact on labor, not just on the
24 people who work in the casino industry. And that's

1 what, if you put jobs in and you suck a certain amount
2 of dollars out of that regional economy there are going
3 to be less people working in other industries, less
4 union people. Now studies have been done in Illinois
5 to suggest that and I think that that is the important
6 thing to look at in terms of labor. You have got to
7 look at it not just in terms of casino workers.

8 I respect the fact that you do represent
9 people who work in casinos, I respect their jobs and I
10 respect the work you are doing for them. But I think
11 if it's a labor issue one has to look at it regionally.

12 Now, the experience of casinos has been in
13 the past roughly eight years, the places that have
14 gotten casinos have been places where a small community
15 essentially, a city or a county, voted in favor of a
16 casino and the legislature, because they had laws that
17 allowed that kind of small home rule, were able to get
18 casinos. There has only been one--

19 CHAIRPERSON JAMES: Mr. Goodman, can I ask
20 you to speak into the mic, they're having a hard time
21 hearing you in the back.

22 MR. GOODMAN: Yes. There has been only one
23 statewide vote in favor of high stakes casino gambling
24 in the past 20 years, more than 20 years actually. The

1 reality is it does effect a much larger area, in much
2 the same way that if you put certain facilities in and
3 I don't want to make a direct comparison, but if you
4 put a nuclear waste facility in an area, you wouldn't
5 expect a community that was economically hard pressed
6 to make a decision to do that. You would expect this
7 to effect a much larger area and expect to get a
8 democratic representation, as you said, of that much
9 larger area that gets effected.

10 But let me make a more positive suggestion,
11 if I could. About a year ago, I was asked to discuss
12 and debate this issue with the mayor of Fall River,
13 here in Massachusetts, where there was a proposal for a
14 casino. I suggested at that point -- and the problem
15 in Fall River and New Bedford, as you may know is a
16 problem of the fishing industry. George's Bank has
17 been over-fished, the New England fishing grounds have
18 been over-fished, basically too many boats looking for
19 too few fish.

20 And I asked the mayor, who was promoting a
21 casino in Fall River, why not offer the same benefit,
22 the same program, the same proposal that you are
23 offering to a casino company, to the fishermen in your
24 area. The mayor said, what do you mean? I said, look,

1 you're essentially saying, this is going to be a
2 monopoly enterprise, you're only going to allow one
3 company to do it, you're going to cut a deal where
4 you'll share revenues with that company, the state will
5 take a cut, the casino company will take a cut and your
6 city will get a cut.

7 Do the same thing for the fishing industry,
8 limit the number of people who fish, give them the
9 monopoly in that area to fish, cut the deal with them
10 where you get part of the revenue. In that case, you
11 are not putting fishermen into dealer jobs at casinos
12 or collecting coins out of slot machines or whatever
13 else they would do at casinos.

14 But you're retaining the fishing industry.
15 And that is serious economic development, that saves
16 jobs. Not only that but you save the infrastructure of
17 fishing which has taken about two centuries to develop.
18 New Bedford is the largest fishing port in New England
19 still, even with the problem. If we put a casino in
20 New Bedford or Fall River and get rid of the fishing
21 industry, we'll never get it back, the whole
22 infrastructure for fishing will die, the people who
23 have the skills to do it won't be there, they'll be
24 able to work in casinos.

1 That's the kind of serious economic
2 development, I'm not saying that's the answer to every
3 problem and I'm sure you're not saying casinos are the
4 answer to every problem. But that's the way I believe
5 you do economic development. You play to the strength
6 of what you already have and I'm sure that Bridgeport
7 and many other communities in this country have many
8 strengths besides being operators of casinos. In Iowa,
9 they proposed it as an alternative to the farm
10 equipment industry, a major industry in Iowa. They
11 proposed it as an alternative to building automobiles
12 in the Detroit area. They proposed it as an
13 alternative in the Louisiana area to the oil industry.
14 The problem is, what do you do with those industries?

15 CHAIRPERSON JAMES: I think that's probably
16 a good place to stop this particular discussion. One
17 of the things that I hesitate to do is cut off
18 discussion, however, we have gone a little bit far
19 aground of our original discussion of whether or not
20 government can regulate itself in terms of lotteries.
21 Albeit a very interesting discussion.

22 I want to thank our panelists. Are there
23 any closing comments that are germane to our particular
24 subject area right now?

1 MR. JONES: Just briefly, I'd like to say
2 in reaction to the budget pressures we discussed
3 before, surrounding lotteries from government, it may
4 be worthwhile for the panel to discuss and maybe set
5 some standards for what a lottery really is. Whether,
6 beyond tackiness of advertising, whether or not there
7 should be advertising standards or rules and
8 regulations.

9 Whether there should be fit and proper
10 standards in reaction to question that was asked before
11 about the vending community? And then finally, perhaps
12 to look at some of the more popular illegal forms of
13 gambling which have lottery connotations, I would say
14 especially sports pool gambling, which is very popular
15 in Europe. And video lottery, which as we all know in
16 all of our states there are hundreds of thousands of
17 illegal machines, is there a role for us to regulate
18 that and bring it into the light?

19 Thank you.

20 CHAIRPERSON JAMES: Thank you.

21 Any final comments on this subject from our
22 Commissioners?

23 (No verbal response)

1 CHAIRPERSON JAMES: Thank you. I'd like to
2 excuse our panel at this point. Thank you for your
3 expertise, and as I have with other panels, I encourage
4 you to stay in touch with the Commission as we go
5 through our work for the next 18 months or so. And I
6 would encourage you to continue to submit information
7 and data and testimony that you'd like us to consider
8 in our final report. Our report will be ever so much
9 richer if you would do that for us.
10 Thank you.

11 Commissioners, usually at this time we have
12 a period where we are open just for general comments.
13 I think we've had some of that within the context of
14 our last panel. If there are any additional comments
15 by Commissioners I would open the floor up for those
16 right now. Otherwise, I would suggest that we take
17 about a 15 minute break before we begin our public
18 comment period.

19 MR. WILHELM: I just want to complement you
20 and the staff on the quality of several of these panels
21 in the last two days.

22 CHAIRPERSON JAMES: Well, thank you.

23 COMMISSIONER DOBSON: And having been
24 critical of Atlantic City, I concur.

1 CHAIRPERSON JAMES: Thank you, we
2 appreciate that.

3 With that, I'm going to stand in recess
4 until 4:00 and then we'll come back and begin our
5 public comment period at that time.

6 (Whereupon, at 3:57 p.m., the proceedings
7 went off the record until at 4:05 p.m.)